Reagan, Setting a Populist Strategy, Said to Stress Wisdom of the People

inform establishment. In the end Mr. Reagan perfectly said, the wisdom of the people would prevail. According to adee present at the private on the people would prevail. According to addee present at the private on the people would prevail. According to addee present at the private uncommon wisdom of the common people is far greater than that found in prevail to the premise the founding fathers built our government on is that over the long run the uncommon wisdom of the common people is far greater than that found in prevail to the premise the founding fathers built our government on is that over the long run the uncommon wisdom of the common people is far greater than that found in greater than that found in greater than that found in prevail to the provided of the provided with the prevail to great the provided of the provided with preferential rofficials say, is that the proposal represents the "second American Revolution" in the sense that the first was held by resentment to unifiar to advantage the proposal will great the provided with preferential reatment for those individuals and corporations that should be paying that the provided with preferential reatment to from the street was a production. The spinion great preventions were the provided with preferential reatment to from the street was the provided with preferential reatment to from the street was the provided with preferential reatment to from the street was the provided with preferential reatment to from the street was the provided with preferential reatment to from the street was the provided with preferential reatment to from the street was the provided with preferential reatment to from the street was the provided with preferential reatment to from the street was the provided with preferential reatment to from the street was the provided with preferential reatment for those individuals and orthors the provided with the prevail to the provided with the Reagan's Tax Proposal: Time Is Ripe

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		1986 under current law	Treasury proposal for 1986	President's proposal for 1986
Ŷ	Individual Tax Rates	14 rate brackets from 11% to 50%		Three rate brackets: 15% 25% and 35%
	Exemptions Self, spouse Dependents	\$1,080 \$1,080	\$2,000 \$2,000	\$2,000 \$2,000
1040	Zero-Bracket Amoun Single returns Joint returns Heads of households	\$2,480 \$3,670 \$2,480	\$2,800 \$3,800 \$3,500	\$2,900 \$4,000
M	Indexing for Inflation Rate brackets, exemptions and zero-bracket amounts		Yes	\$3,600 Yes
(T	Personal Deductions Mortgage interest	Deductible	Deductible for principal	Deductible for principal
	Other personal interest	Deductible	Deduction limited to \$5,000 over investment incom	residences Deduction limit to \$5,000 over investment
	Medical expenses Charitable contributions	Deductible above 5% of adjusted gross income Deductible	Deductible above 5% of adjusted gross income Deductible above	income Deductible abo 5% of adjusted gross income Deductible only
	State and local income taxes	Deductible	2% of adjusted gross income, but no deduction for unrealized gains on contributed property Not deductible	for those who itemize, deductions
	Other state and local taxes Two-earner deduction	Deductible Yes	Not deductible unless incurred in business activity No	Not deductible unless incurred business activit No.
	Other Individual Items	Yes	Yes, indexed	Increased and
	Child care credit Unemployment compensation	Yes Taxed if adjusted gross income over \$12,000 (\$18,000	Changed to a deduction Taxed	indexed Changed to a deduction Taxed
	Workers' Compensation	if married) Not taxed	Taxed; eligible for special credit for elderly and disabled	Taxed; eligible i special credit fo elderly and disabled
	Entertainment expenses Business meals and travel expenses Income shifting to children through trusts	Deductible Deductible Permitted	Not deductible Limit on deductions Curtailed	Not deductible Limit on deductions Curtailed
3	Retirement Individual Retirement Accounts	\$2,000 tax- deferred contribution permitted each year	\$2,500 fax- deferred contribution permitted each year	\$2,000 tax- deferred contribution permitted each year
	Spousal I.R.A. Corporate pensions Social Security	\$250 Tax deferred Generally not taxed	\$2,500 Tax deferred Generally not taxed	\$2,000 Tax deferred Generally not taxed
řů	Fringe Benefits Health insurance Group life and legal insurance	Excluded from taxable income Excluded from taxable income	Exclusion is capped Taxed	Limited amount taxed Not taxed
1	Capital and Business T	axes		
	Corporate tax rates Dividend relief	Graduated up to 46% \$100/\$200 exclusion	33% flat rate Exclusion repealed, 50% dividend-paid	Graduated up to 33%. Exclusion repealed, 10% dividend paid deduction
	Depreciation	Accelerated Cost Recovery System, which provided for fast write-offs	deduction Economic depreciation, indexed to inflation	deduction Indexed with investment incentive
	Investment Tax Credit Capital gains	6% to 10% 60% excluded from taxation	Repealed Taxed as ordinary income, indexed to inflation	Repealed 50% excluded from taxation
	Interest income/expense	Fully taxable / deductible	Indexed to inflation, partially excludable/non- deductible	Fully taxable/ deductible
	Business Items Last-in, first-out inventory accounting conformity required	Yes	No .	No
	First-in, first-out inventory accounting Uniform cost production rules	Not indexed to inflation	Indexed to Inflation	Indexed to inflation
	Bad debt reserve deduction Installment sales	Yes Deferral	No deferrel if receivables pledged	No Generally no deferral if receiva bles pledged
	Oil Industry Percentage depletion Expensing of intangible drilling	Yes	No, indexed cost of depletion	Phased out with stripper exception
	costs Windfall profits tax	Yes	Accelerated phase out	Yes Jack Phase out in 1991
A	Financial Institutions Special bad debt deduction Deduction for interest to carry	Yes .	No -	No No
	tax-exempt securities Exemption for credit unions Deferral for life insurance Investment income and annuity income	Yes Yes	No No	Some Only for existing policies
Ma	Municipal Bonds Public purpose	Tax-exempt	Tax-emempt	Tax-exempt

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